

2012 Economic Impact of Tourism in Indiana

Methodology, Metrics and Evaluation



December
2013

- 2012 Indiana Tourism Headlines
- Background & Methodology
- 2011 – 2012 Indiana Tourism Performance
- 2012 Tourism's Contribution to the Indiana Economy
- Visitor Impact Perspectives

- **Total Indiana tourism expenditures surpassed \$10 billion for the first time since the start of the Great Recession, up 5.2% from 2011.** This is nearly 3 times faster than total U.S. tourism growth. Super Bowl XLVI was responsible for over ½ of that growth.
- **Total visitor volume reached 71.2 million Person-Stays¹ in 2012, a gain of nearly 3 million from 2011.** Roughly 40% of those visits involved an overnight stay. Indiana visitors spent an average of \$142 per trip in 2012, up about \$2 from the year before.
- **In 2012, a total of \$10.1 billion in visitor spending translated to over \$7.7 billion in Indiana Gross Domestic Product (GDP), representing a 4.9% increase versus 2011.** Of this total, \$4.6 billion accrued to businesses that directly served Indiana visitors such as hotels, restaurants, and entertainment venues. The remainder (\$3.1 billion) benefited supply chain and other downstream businesses.
- **Indiana tourism generated over \$2.1 billion in tax receipts in 2012, an increase of 5.1% over 2011.** This was comprised of \$959 million in federal, \$748 million in state, and \$423 million in local revenues. The largest individual tax component was Indiana sales tax with visitors contributing about \$561 million or 8.5% of total sales tax receipts. >>

¹ The total number of people that traveled, regardless of the length of their stay. This measure equates to the number of visitors and can be influenced by changes in the number of travel parties or the number of people in the travel party.

- **Direct employment within the Indiana tourism industry eclipsed 139,900 in 2012, advancing 2.9% over the previous year.** Based upon employment, Tourism is now the 7th largest industry in the state (including government). Tourism paid direct wages of over \$3 billion resulting in an average annual wage of \$21,700. This included both full and part time workers.
- **Indiana tourism supported over 186,000 jobs across the state in 2012.** This represented just under 6% of total non-farm employment in the state. Tourism-initiated job growth reached 3% in 2012 while total Indiana employment grew only 2.1%.
- **In 2012, tourism contributed about 1.5% of total Indiana Gross Domestic Product, 4.8% of total jobs in the state, and 6.3% of state & local tax receipts.**
- **Aside from its considerable tourism offering advantages, Indiana is also a low-tax destination for visitors.** The imputed total tax rate for Indiana tourism is 21%, considerably lower than the 30% U.S. average. This includes all taxes generated by tourism activity.
- **Super Bowl XLVI brought 116,000 visitors to Indiana generating over \$377 million in new tourism spending and contributed over \$278 million to 2012 GDP...most of it in the span of 14 days.**
- **Indiana retained about 76¢ of each dollar spent by visitors in the state during 2012.** This is close to the average of all states and reflective of a vibrant and relatively diverse state economy.

BACKGROUND & METHODOLOGY



Study Overview

The economic impact of tourism in the state of Indiana was commissioned by the Indiana Office of Tourism Development. Covering the calendar year of 2012, the analysis seeks to translate the contribution made by visitors to Indiana GDP, jobs, wages, and tax receipts. The research was conducted by Rockport Analytics and Reach Market Planning, both independent market research & consulting companies, using a time-tested approach that has been applied to many state and city destinations across the United States. The goal of the study was to measure and analyze the full economic contribution that visitors make to the Indiana economy.

Methodology

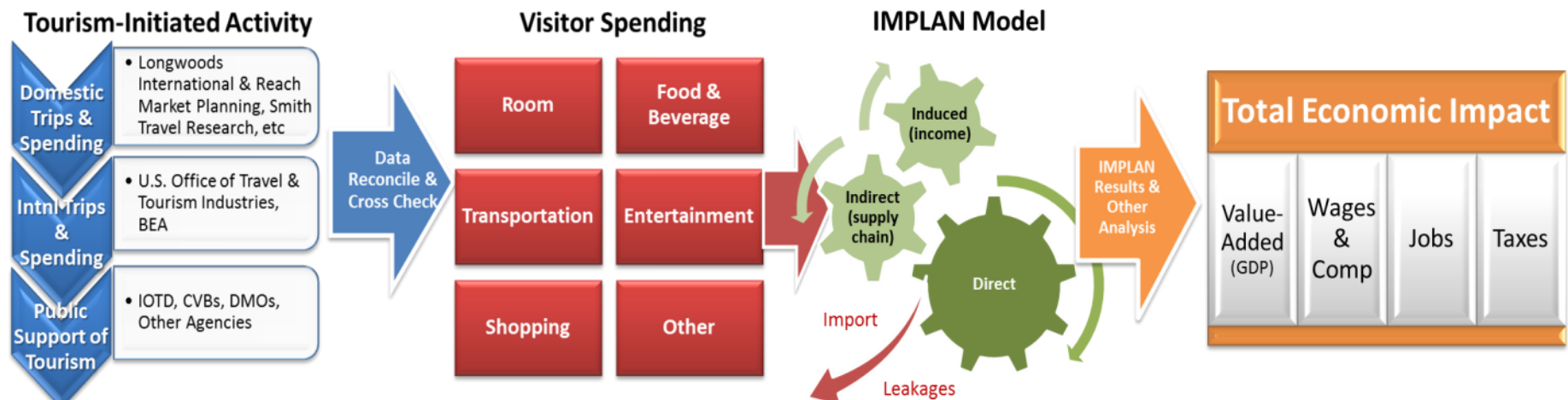
The total economic impact of travelers is separated into three distinct effects: direct, indirect, and induced. The *direct* impacts represent the value added of those sectors that interact directly with, or touch, the visitor. The *indirect* impact represents the benefit to local suppliers to those direct sectors. This would include, for example, Indiana-based food suppliers to restaurants. The *induced* impact adds the effect of tourism-generated wages as they are spent throughout Indiana's economy.

The economic impacts reported in this study are based on Indiana visitor spending as reported by Longwoods International (www.longwoods-intl.com), Reach Market Planning (www.reachmp.com) and U.S. Office of Travel & Tourism Industries (<http://tinet.ita.doc.gov>). This traveler data is then reconciled with Bureau of Labor Statistics (BLS) reported employment data, reported tax receipts, and other secondary sources such as Smith Travel Research, Dun & Bradstreet, and McGraw-Hill Construction. >>

Methodology Cont.

An economic model of Indiana is also critical to estimating how traveler spending resounds through the state and county-level economies. Rockport Analytics has chosen the IMPLAN model for Indiana (www.implan.com), a non-proprietary economic model that is the defacto standard for most economic impact assessments in the United States. This model is critical to measuring the direct, indirect, and induced impacts of visitation to the state.

IMPLAN also measures how much of each tourism dollar remains in the state economy. Total traveler spending generally exceeds the direct impact of tourism. This is because not all goods and services purchased by travelers are supplied by firms located in Indiana. The IMPLAN model accounts for these import “leakages”² to suppliers located outside of the state. Generally, the more diversified a state economy, the lower are import leakages and the higher the retention and multiplier of visitor spending.

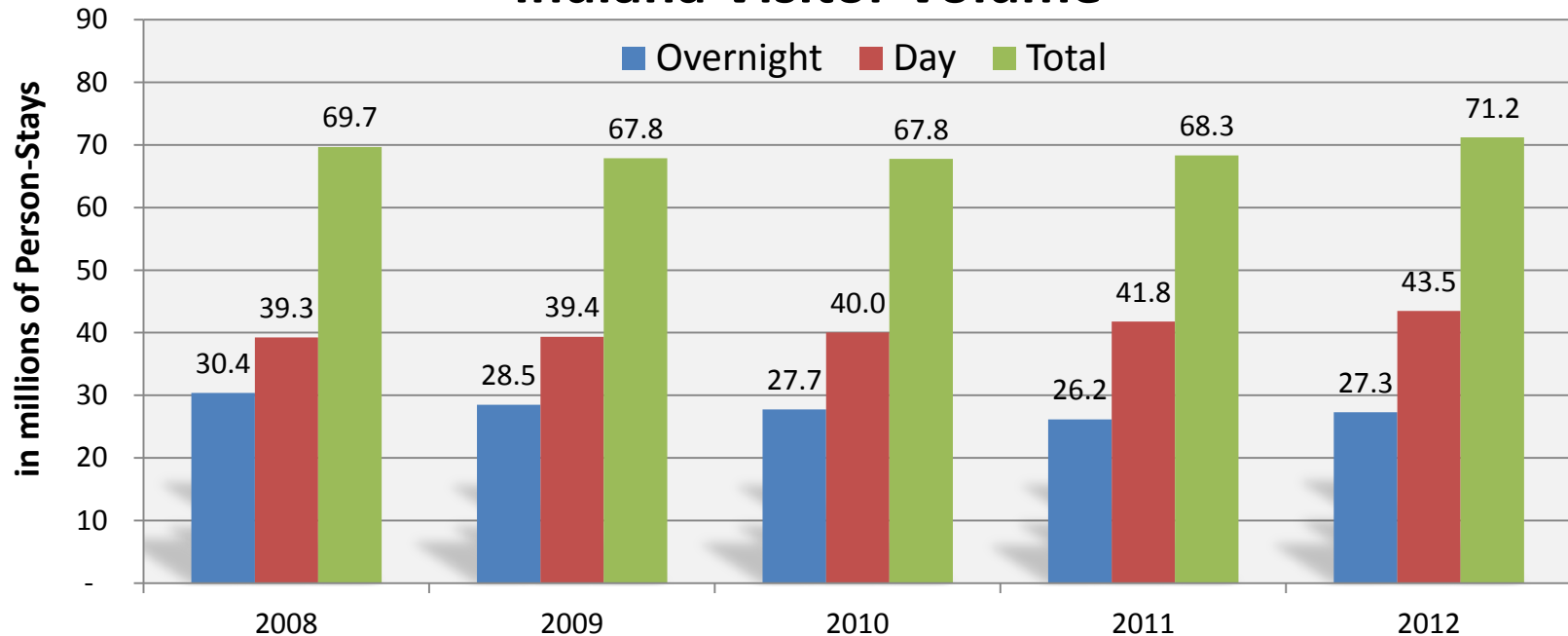


² Leakages refer to goods and services that must be imported into to the state due to insufficient in-state capacity

2012 INDIANA TOURISM PERFORMANCE



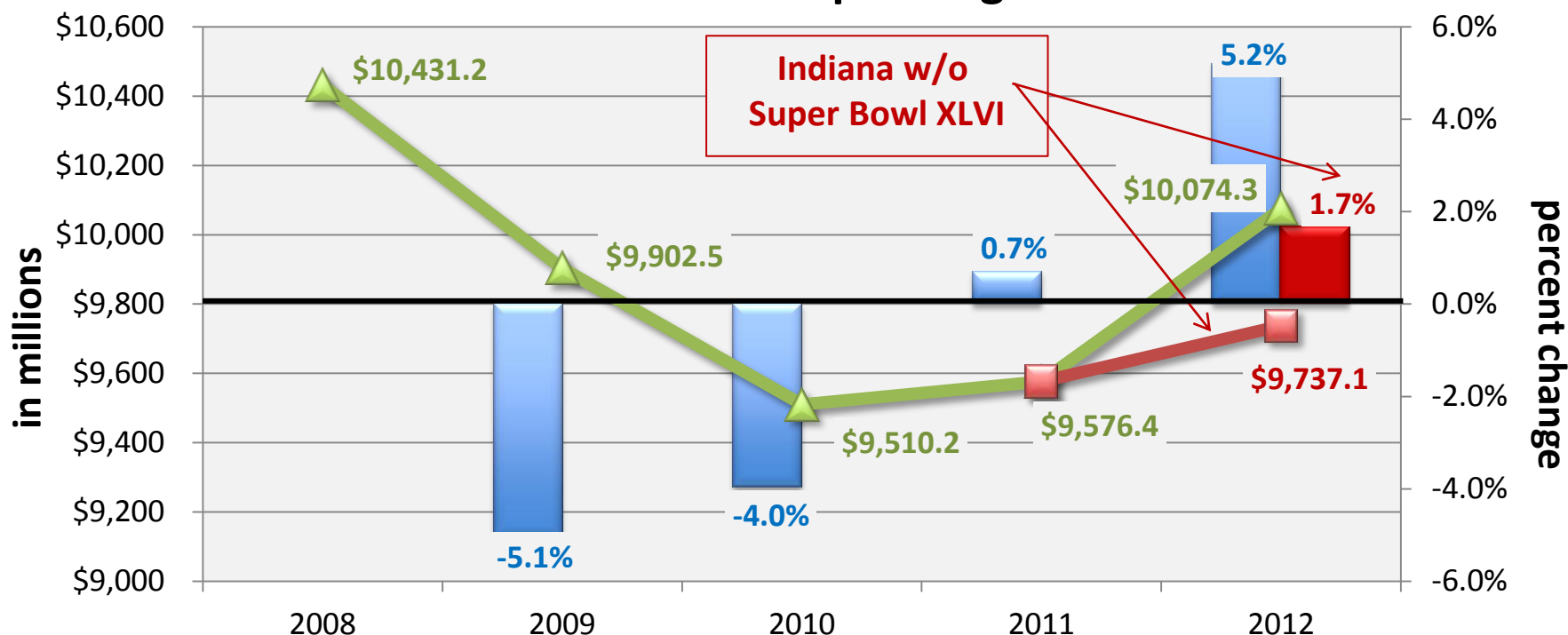
Indiana Visitor Volume



Source: Longwoods International, Reach Market Planning, OTTI, Rockport Analytics

- Indiana trip volume grew 4.2% in 2012 on the strength of overnight, day trip and international visitation increases. This is more than double the growth rate of total U.S. trip volume.
- Leisure trips comprised about 86% of total visitor volume in 2012 and expanded by 4.3% (compared to 2011). Business trips made up the remainder (14%) and fell by 11%.
- The high concentration of day trips suggests that Indiana is a strong “drive” destination.

Indiana Tourism Spending

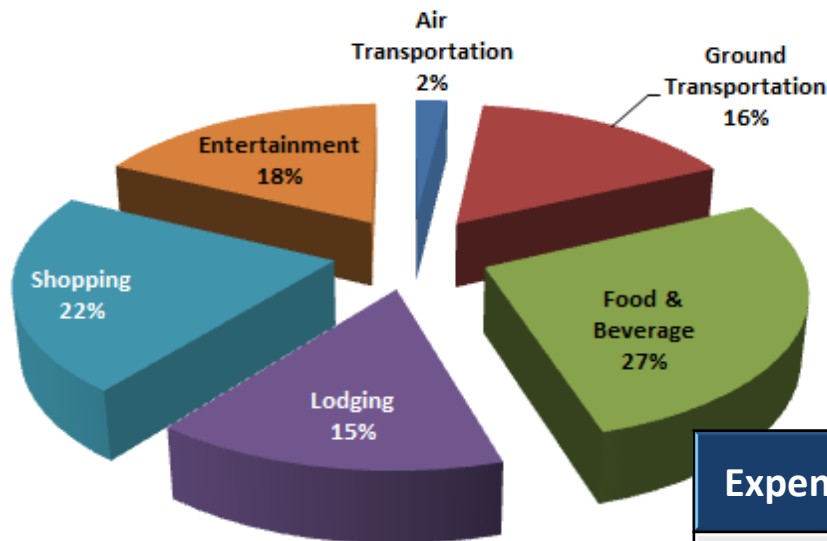


Source: Longwoods International, OTTI, Reach Market Planning, Rockport Analytics

- At almost \$10.1 billion in spending, Indiana tourism experienced growth of 5.2% in 2012.
- Despite 2012 gains, Indiana tourism has yet to reach its 2008 pre-Great Recession peak (\$10.4 billion).
- Super Bowl XLVI was a seminal event bringing over \$337 million in net new spending. Without the Super Bowl, Indiana tourism spending would have reached \$9.7 billion in 2012, growing 1.7% versus 2011.
- Spend-Per-Visitor levels topped \$142 in 2012, about \$1.40 more per trip than the previous year.

2012 Tourism Spending by Category

\$10.1 billion



- Visitor lodging expenditures increased at a higher rate than total U.S. room revenue (7.3%), largely due to rising room demand and increased daily rates.
- High concentration of ground transportation spending further suggests that Indiana is a strong 'drive' destination.
- Entertainment and recreation spending increased despite weaker gaming industry performance.
- Air spending, at \$192 million, includes only an estimate local total. Most air spending takes place in the origin markets.

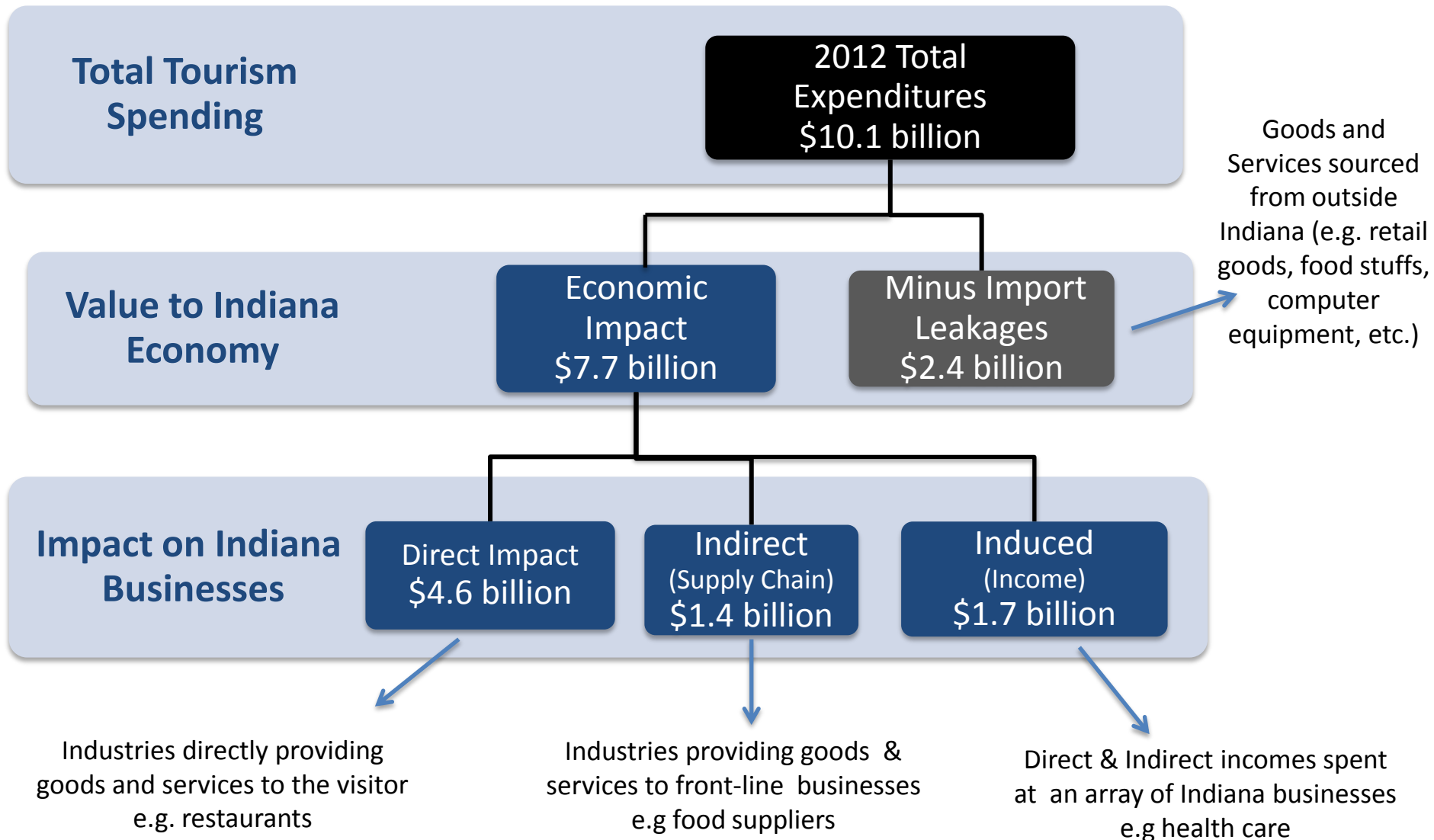
Expenditure Category	2011	2012	Growth
	In millions of \$		%
Air Transportation	\$186.5	\$191.9	2.9%
Other Transportation	\$1,518.5	\$1,607.6	5.9%
Food & Beverage	\$2,676.7	\$2,770.4	3.5%
Lodging	\$1,404.5	\$1,529.5	8.9%
Shopping	\$2,131.0	\$2,192.8	2.9%
Entertainment	\$1,659.2	\$1,781.9	7.4%
Total	\$9,576.4	\$10,074.3	5.2%

Source: Longwoods International, OTTI, Reach Market Planning, Smith Travel Research, Rockport Analytics

2012 TOURISM'S CONTRIBUTION TO THE INDIANA ECONOMY



Indiana Tourism Impact Hierarchy



2012 Economic Impact Summary (compared to 2011)

2012 Metric	Direct	Indirect	Induced	Total	% 2011	Difference from 2011
Visitor Volume				71.2 million	4.1%	+2.9 million
Total Tourism Spending	-	-	-	\$10.1 billion	5.2%	+\$498 million
Economic Impact (GDP)	\$4.6 billion	\$1.4 billion	\$1.7 billion	\$7.7 billion	4.9%	+\$363 million
Wages	\$3.0 billion	\$857 million	\$939 million	\$4.8 billion	4.9%	+\$226 million
Jobs	139,900	21,400	25,300	186,500	3.0%	+5,490
Tax Receipts	-	-	-	\$2.1 billion	5.1%	+\$103 million

Highlights:

- Indiana welcomed over 71 million visitors in 2012, almost 3 million more than 2011.
- Tourism expenditures reached \$10.1 billion in 2012 (an increase of 5.2% vs. 2011).
- \$7.7 billion contribution to Indiana GDP last year.
- 187,000 jobs (140,000 of which directly touched the visitors).
- \$2 billion in tax receipts (\$1.2 billion of which were state & local levies).
- \$3 billion in wages paid to Indiana tourism workforce and another \$1 billion paid to downstream workers.

Indiana Tourism: 2012 Economic Impact (Value Added/GDP)

Industry (NAICS)	Direct	Indirect	Induced	Total
<i>in millions of \$</i>				
Food & Drinking Places	\$1,365.4	\$52.3	\$82.0	\$1,499.7
Arts- Entertainment & Recreation	\$982.2	\$35.9	\$28.1	\$1,046.2
Ground Transportation	\$952.1	\$1.6	\$2.4	\$956.0
Accommodations	\$704.4	\$0.9	\$0.7	\$706.1
Retail Trade	\$461.5	\$18.5	\$221.9	\$702.0
Other Real Estate, Rental, & Leasing	\$0.0	\$174.8	\$360.9	\$535.8
Health & Social Services	\$0.0	\$0.3	\$320.3	\$320.6
Finance & Insurance	\$0.0	\$123.4	\$146.1	\$269.5
Professional & Business Services	\$0.0	\$194.7	\$64.9	\$259.7
Administrative Services	\$0.0	\$159.2	\$46.6	\$205.8
Wholesale Trade	\$0.0	\$51.3	\$90.0	\$141.3
Personal Services	\$0.0	\$66.0	\$73.8	\$139.8
Manufacturing	\$0.0	\$91.2	\$46.5	\$137.8
Utilities	\$0.0	\$96.2	\$41.3	\$137.5
Information	\$0.0	\$79.9	\$45.1	\$125.1
Automotive Rental & Leasing	\$85.4	\$12.9	\$8.4	\$106.7
Other Transpo & Warehousing	\$0.0	\$59.5	\$28.3	\$87.8
Government	\$0.0	\$66.6	\$21.1	\$87.7
Construction	\$0.0	\$52.2	\$18.6	\$70.8
Air Transportation	\$63.6	\$2.1	\$4.0	\$69.7
All Other Industries	\$0.0	\$61.3	\$44.0	\$105.3
Total	\$4,614.6	\$1,400.8	\$1,695.1	\$7,710.5
Total - 2011	\$4,399.8	\$1,331.9	\$1,615.7	\$7,347.4
% Change	4.9%	5.2%	4.9%	4.9%

- **Direct:**
Businesses that serve Indiana visitors
- **Indirect:** Supply Chain businesses that often do not fully appreciate the benefits visitors bring to Indiana
- **Induced:**
Tourism-supported workers spend much of their wages locally creating benefits to virtually all local businesses

Source: Rockport Analytics, IMPLAN

2012 Tourism-Supported Jobs

Source: Rockport Analytics, IMPLAN

Industry (NAICS)	Direct	Indirect	Induced	Total
Food & Drinking Places	51,900	2,000	3,200	57,100
Ground Transportation	33,700	100	100	33,900
Arts- Entertainment & Recreation	26,600	1,500	700	28,800
Accommodations	15,000	20	20	15,100
Retail trade	11,300	400	5,300	17,000
Air Transportation	700	20	40	800
Automotive Rental & Leasing	700	100	100	900
Other Transportation & Warehousing	0	1,000	400	1,400
Administrative Services	0	4,300	1,200	5,500
Health & Social Services	0	0	5,500	5,500
Other Real Estate, Rental, Leasing	0	1,900	1,200	3,100
Personal Services	0	1,500	2,000	3,500
Professional & Business Services	0	2,600	900	3,500
Finance & Insurance	0	1,100	1,400	2,500
Wholesale Trade	0	400	800	1,200
Other Tourism-Supported Jobs	0	4,340	2,420	6,700
Total	139,900	21,400	25,300	186,500
Total - 2011	135,900	20,700	24,500	181,100
% Change	2.9%	3.4%	3.3%	3.0%

- Of the 139,900+ jobs that directly serve Indiana visitors, 4,000 were newly added in 2012.
- Tourism's contribution to supply chain businesses (Indirect) is often underappreciated. For example, over 2,600 Professional & Business Services jobs owe their existence to Indiana visitors.
- Tourism industry job growth in Indiana was at 2.9% in 2012 while total Indiana employment only increased by 2.1%.

Tourism is the 7th Largest Industry in Indiana Providing 5% of Total Jobs

Indiana Employment by Major Employer							
	Industry	2011 Reported	2012 Reported¹	2011 Tourism Extracted	2012 Tourism Extracted²	% of Total	Growth Rate
1	Manufacturing	463,700	482,000	463,700	482,000	16.6%	3.9%
2	Government	426,900	427,900	426,900	427,900	14.7%	0.2%
3	Health Care & Social Assistance	357,500	363,900	357,500	363,900	12.5%	1.8%
4	Retail Trade	307,900	312,800	296,700	301,500	10.4%	1.6%
5	Professional & Business Services	288,200	298,400	288,200	298,400	10.3%	3.5%
6	Accommodation & Food Services	236,800	245,300	171,300	178,400	6.1%	4.1%
7	INDIANA TOURISM INDUSTRY			135,900	139,900	4.8%	2.9%
8	Construction	120,200	124,400	120,200	124,400	4.3%	3.5%
9	Wholesale Trade	114,700	116,500	114,700	116,500	4.0%	1.6%
10	Personal & Other Services	109,300	110,200	109,300	110,200	3.8%	0.8%
11	Finance and Insurance	99,300	98,100	99,300	98,100	3.4%	-1.2%
12	Transportation, Warehousing & Utilities	128,900	132,300	95,700	97,900	3.4%	2.3%
13	Private Educational Services	73,300	74,100	73,300	74,100	2.6%	1.1%
14	Information	34,800	35,500	34,800	35,500	1.2%	2.0%
15	Real Estate and Rental & Leasing	32,000	32,200	31,400	31,500	1.1%	0.3%
16	Arts, Entertainment & Recreation	40,900	40,800	15,500	14,200	0.5%	-8.4%
17	Natural Resources & Mining	6,800	7,000	6,800	7,000	0.2%	2.9%
	Total Indiana Employment	2,841,200	2,901,400	2,841,200	2,901,400	100.0%	2.1%

¹ **Reported:** As released by the Bureau of Labor Statistics and the Indiana Department of Labor

² **Tourism Extracted:** Tourism's contribution to jobs in each industry is removed and placed in "INDIANA TOURISM INDUSTRY"

Indiana Tourism-Initiated Tax Revenue

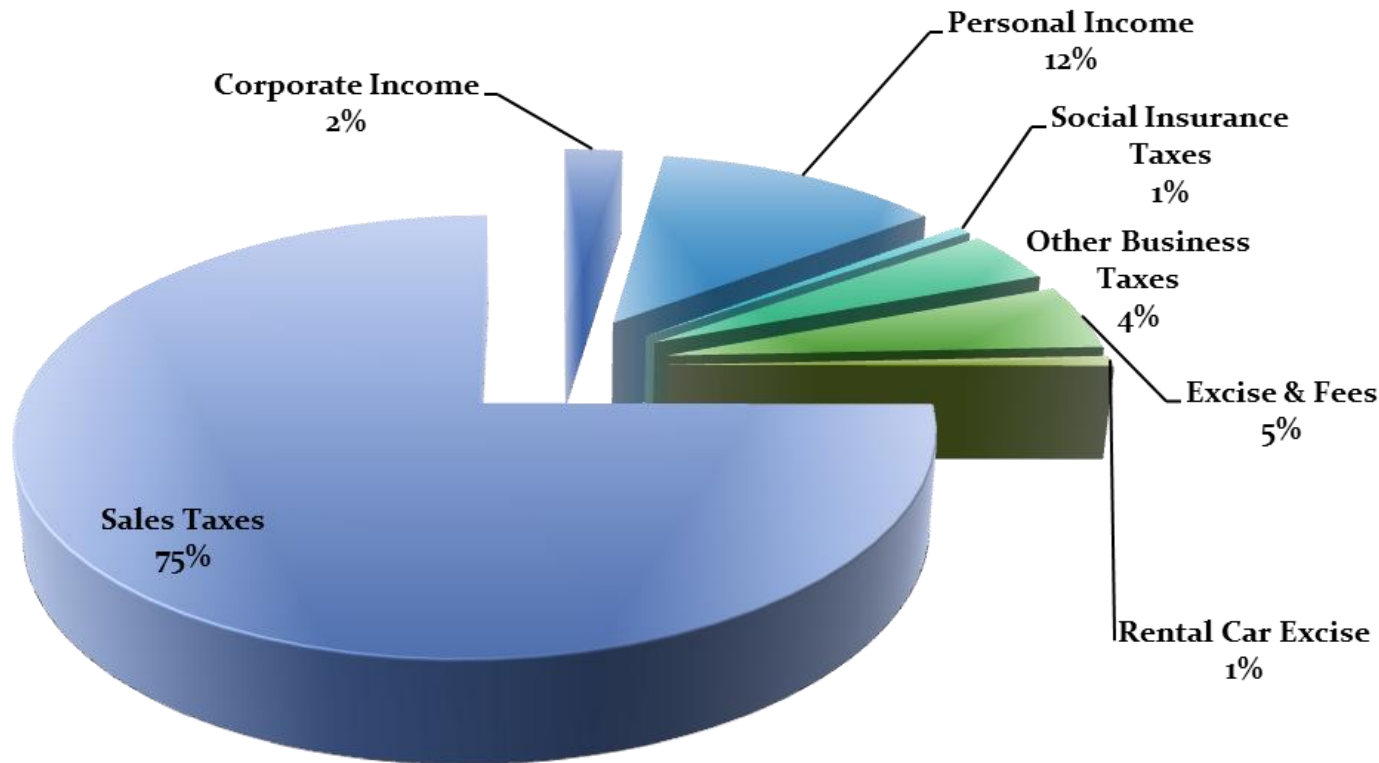
Tax	2011	2012	% Change
Federal: US	<i>in thousands of \$</i>		
Corporate Income	\$123,449.1	\$129,666.1	5.0%
Personal Income	\$260,810.9	\$273,665.9	4.9%
Excise & Fees	\$74,622.5	\$78,224.8	4.8%
Social Security & Other Taxes	\$455,225.9	\$477,427.9	4.9%
Federal Total	\$914,108.3	\$958,984.8	4.9%
State - Indiana			
Corporate Income	\$17,451.2	\$18,330.0	5.0%
Personal Income	\$87,339.7	\$91,644.6	4.9%
Social Security	\$4,607.0	\$4,830.3	4.8%
Other Business Taxes	\$28,261.6	\$29,630.9	4.8%
Excise & Fees*	\$35,668.6	\$37,302.1	4.6%
Rental Car Excise	\$5,444.0	\$5,797.6	6.5%
Sales Taxes	\$532,815.4	\$560,544.5	5.2%
Indiana State Tax Total	\$711,587.6	\$748,080.1	5.1%
Local - Indiana			
Personal Income	\$12,477.1	\$13,092.1	4.9%
Hotel Tax	\$75,787.0	\$82,456.3	8.8%
Admissions Taxes	\$733.2	\$695.8	-5.1%
Property Taxes	\$301,684.8	\$316,250.5	4.8%
Rental Car Excise	\$2,858.0	\$2,858.0	0.0%
Food & Beverage Options Tax	\$2,582.1	\$2,672.5	3.5%
Other Licenses, Fines & Fees	\$4,447.1	\$4,664.0	4.9%
Indiana Local Total	\$400,567.0	\$422,686.7	5.5%
Total Tourism-Initiated Taxes	\$2,026,262.9	\$2,129,751.5	5.1%

Putting Tourism-Initiated Tax Collections in Perspective

- If tourism did not exist in Indiana, taxing authorities around the state would need to generate an average of \$472 in additional state & local taxes from each of Indiana's 2.48 million households to maintain current levels of tax receipts.*
- Tourism provides about 1.5% of Indiana's GDP but contributes 6.3% of state & local tax collections.*
- Tourism-initiated taxes grew 5.1% in 2012 while all Indiana tax receipts grew only 4.2%.*

2012 Tax Sources

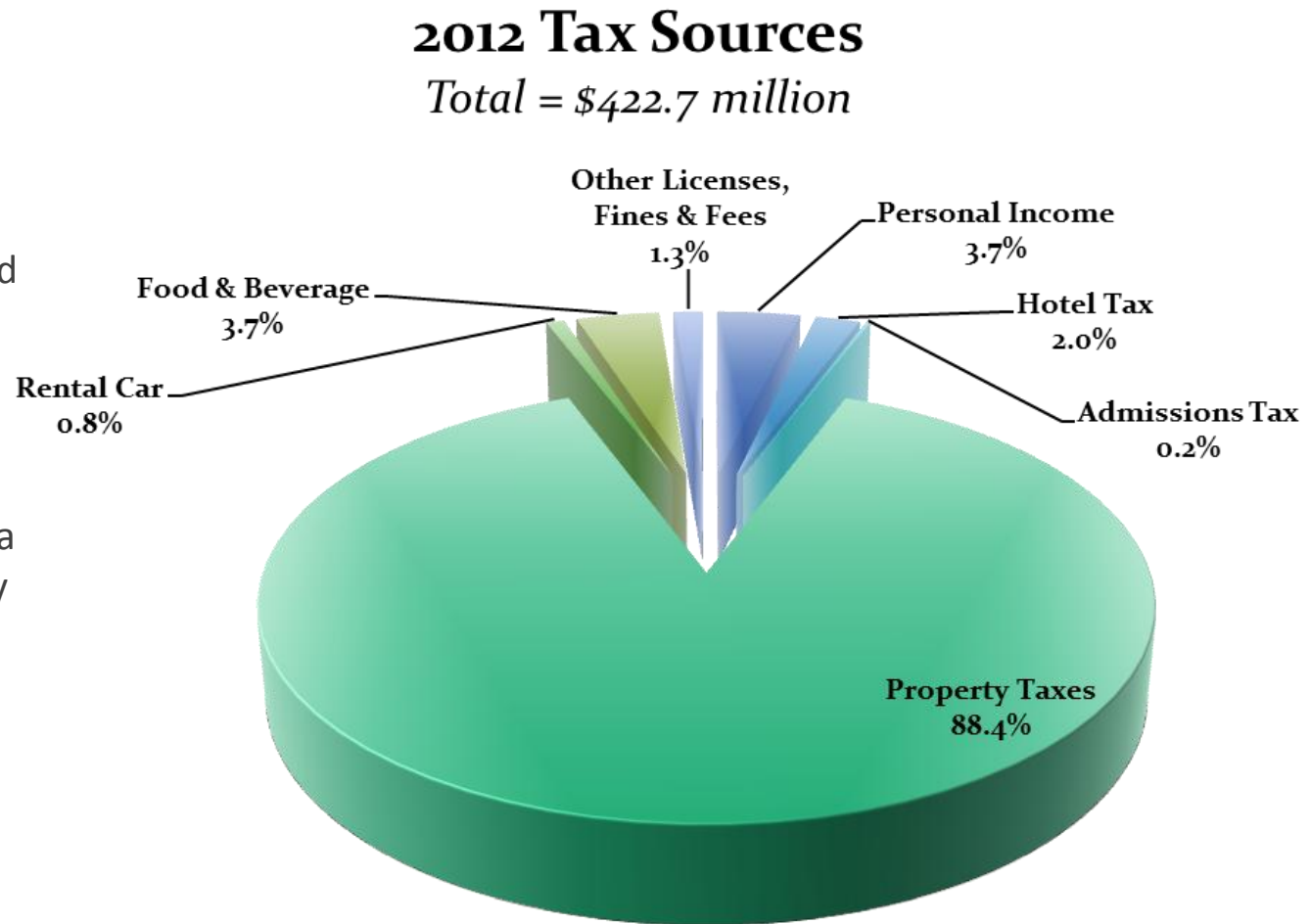
Total = \$748.1 million



- The imputed tax rate (fed, state and local) on Indiana visitor expenditures was 21%.
- Indiana's imputed tax rate was below the national average of 30%.
- Lower tax rates suggest lower prices and greater visitor value.

Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue

- Hotel taxes, at \$82.5 million in 2012, are derived directly from room night revenues and comprise 2% of local tourism collections.
- Property taxes, at \$316 million in 2012, are calculated by allocating a portion of total property tax collections based upon tourism's contribution to all property-based activity.



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue, CIB

Note: Other Licenses, Fines, Fees includes motor vehicle and fishing licenses, state park fees, and miscellaneous fees

Spending in Indiana's Top-15 (By Total Spend) Tourism Counties

County-Level Tourism Spending by Category - 2012

	County	Lodging	F&B	Rec & Entertainment	Retail	Transportation	Total
1	Marion	\$560.7	\$784.9	\$723.1	\$619.3	\$572.4	\$3,260.4
2	Lake	\$69.4	\$121.3	\$248.6	\$113.0	\$162.2	\$714.4
3	Hamilton	\$65.8	\$206.9	\$101.1	\$194.0	\$43.1	\$611.0
4	Allen	\$70.9	\$176.0	\$58.6	\$116.8	\$74.4	\$496.7
5	Vanderburgh	\$58.8	\$145.3	\$98.7	\$119.5	\$47.5	\$469.7
6	St. Joseph	\$57.6	\$117.9	\$29.0	\$79.8	\$52.9	\$337.2
7	Tippecanoe	\$43.6	\$110.8	\$26.4	\$82.8	\$33.8	\$297.5
8	Monroe	\$52.9	\$96.4	\$13.2	\$60.2	\$54.9	\$277.5
9	Hendricks	\$25.9	\$75.8	\$41.0	\$61.8	\$21.2	\$225.8
10	Clark	\$29.7	\$76.0	\$16.0	\$63.8	\$21.7	\$207.2
11	Bartholomew	\$28.7	\$51.0	\$4.6	\$46.6	\$32.3	\$163.2
12	LaPorte	\$21.7	\$41.0	\$62.2	\$28.5	\$9.2	\$162.6
13	Elkhart	\$26.4	\$42.0	\$10.9	\$37.8	\$35.4	\$152.4
14	Vigo	\$25.5	\$59.5	\$9.0	\$35.1	\$19.1	\$148.2
15	Madison	\$11.8	\$28.4	\$45.7	\$17.1	\$32.3	\$135.3
	All Other Counties	\$380	\$637	\$294	\$517	\$390	\$2,218
	Indiana	\$1,530	\$2,770	\$1,782	\$2,193	\$1,603	\$9,877
	Indy MSA	\$694	\$1,141	\$893	\$932	\$662	\$4,322

Source: Rockport Analytics, Reach Market Planning, Longwoods International

WHAT DID VISITORS MEAN TO INDIANA IN 2012?

- It takes only 382 visitors to support one new job in Indiana
- Every 525 Indiana visitors generates enough state and local taxes to pay for one Indiana public school student
- Excluding government, tourism is the 6th largest industry in Indiana
- Each Indiana visitor spent an average of \$142 locally on transportation, hotel, F&B, shopping, and entertainment
- Each visitor generated roughly \$30 in tax receipts, \$16 of which went to state and local authorities
- If visitors stopped coming to Indiana, each of its 2,481,000 households would have to pay an additional \$472 in state & local taxes in order to maintain current levels of tax receipts
- Indiana was able to retain about 76¢ of every \$1.00 spent by visitors



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